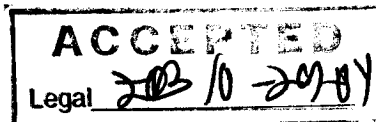


Catherine D. Taylor
Associate General Counsel

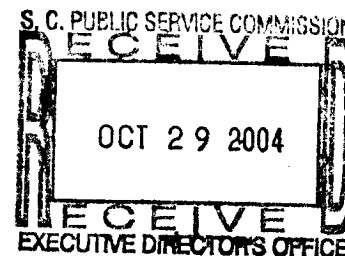
cdtaylor@scana.com



October 26, 2004

Via facsimile and U.S. Mail

Audrey Van Dyke, Esquire
US Department of the Navy
Naval Facilities Engineering Command
720 Kennon St., SE, Bldg. 36, Rm. 136
Wash. Navy Yard, DC 20374-5051



Re: South Carolina Electric & Gas Company
Docket No. 2004-178-E

Dear Ms. Van Dyke:

In response to the Department of the Navy's Interrogatory 1-4, SCE&G stated that SCE&G does not have an actuarial report prepared for other post-employment benefits (FAS 112). SCE&G does have and, by copy of this letter, provides to you a letter from Towers Perrin (dated January 14, 2004) that states the valuation of SCANA Corporation's long term disability plan and the assumptions and methods used in the valuation. SCE&G will rely on this information in this proceeding. Please contact me if I may answer any questions in this regard.

Sincerely,

Catherine D. Taylor

CDT/kms
Attachment

cc: ✓ George Dorn, Executive Director
Elliott F. Elam, Esq.
Scott Elliott, Esq.

January 14, 2004

Mr. Ike McCravy
Accounting Manager
SCANA Corporation
1426 Main Street
Palmetto Center
Columbia, SC 29218

Dear Ike:

RE: FAS 112 ESTIMATES FOR DECEMBER 31, 2003

We have developed our initial estimates for SCANA Corporation's postemployment benefit plans for the fiscal year ending December 31, 2003. These results have been calculated in accordance with U.S. Statement of Financial Accounting Standards No. 112 (FAS 112).

The benefit plan we have valued is long-term disability. Our estimates are generally based on the data that you provided in December of 2003. Where appropriate, we have adjusted the estimates for expected benefit payments and new claim incidence through December 31. The total reserves to be established are shown below under two discount rates. We have assumed that SCANA will adopt the same rate for this purpose as for FAS 87 and FAS 106.

	Present Value of Future Benefits	
	December 31, 2003	
Discount Rate	6.00%	6.25%
Income Benefits for LTD Claimants	\$11,004,000	\$10,892,000

An overview of the plans and assumptions used in the valuation is enclosed.

The values in the preceding table represent SCANA Corporation's total obligation for the indicated benefits as of December 31, 2003. Any reserves established separately for these plans provide an offset to the present values, and they can be netted against the totals to compute any accrual adjustments, positive or negative.

Mr. Ike McCravy
January 14, 2004
Page 2.



If you have any questions about this information, please call me at (404) 365-1739.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Gathers".

Jeffrey L. Gathers, F.S.A.

JLG:hei

Enclosures

cc: Chris McSwain – SCANA Corporation
Carl Bailey – Towers Perrin/Atlanta
Liz Borkhuis – Towers Perrin/Atlanta
Chris Neal – Towers Perrin/Atlanta
Ron Patten – Towers Perrin/Atlanta

Economic Assumptions

Valuation Date	December 31, 2003
Discount rate	6.00%/6.25%

Demographic Assumptions

Disabled employee mortality	1987 CDT Mortality Table
Spouse mortality	UP-84 Unisex Mortality Table with 3-year setback
Recovery from disability	1987 6-month CDT, with adjustments based on industry experience

Employee Data

The Company supplied a census of inactive employees enrolled in these benefits plans as of approximately January 1, 2004.

January 1, 2004

LTD Claimants

Number	170
Average age	55.45
Average monthly net income benefit	\$ 1,318
Total monthly net income benefit	\$224,142

Summary of Plan Provisions

Benefits for LTD Claimants

Continuation of Income

Eligibility

Total disability

Termination of benefits

Recovery from disability or age 65

Benefits

Benefit provides 40%, 60%, or 66 2/3% of monthly compensation. Percentage is based on annual election made by the participant. Total benefits paid are reduced by benefits received from other sources, e.g., income from employment, worker's compensation benefits, disability or retirement benefits, etc.